



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

September 15, 2008

To: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
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Fifth District

## DEPARTMENT OF HEALTH SERVICES PROPOSED RESTRUCTURING OF COUNTY PRIMARY CARE SERVICES – STATUS REPORT

On February 19, 2008, on motion by Supervisor Knabe, your Board instructed this Office to provide, by March 24, 2008, a comprehensive list of all cost saving options from which to choose to balance the Department of Health Services' (DHS) 2008-09 budget; and by July 7, 2008, a proposed project plan to expand privatization of county clinic services, including a) a detailed budget showing forecast project costs and savings by month from the beginning of the project to at least three years out; b) all other "Proposition A" analysis required; and c) an analysis prepared by independent experts of the potential community impact of the change and how to mitigate such impact, with the analysis to be similar to those the California Attorney-General has commissioned to evaluate hospital ownership conversions and include a thorough effort to anticipate and address contingencies that would otherwise be unforeseen.

This memorandum addresses the Board's instruction regarding the proposed privatization of county clinic services; the cost saving options component is being addressed separately.

### BACKGROUND

In its February 15, 2008 report to your Board, DHS presented Phase I of its Health Care Delivery System Reconfiguration, which included a proposal to privatize 11 Health Centers (HC) and the primary care located at the Comprehensive Health Centers (CHC), and an associated expansion of primary care by Public Private Partnership (PPP) providers.

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Based on the discussion at the February 16, 2008 Board meeting and your Board's actions, this Office and DHS are approaching the issue of privatization carefully and with the understanding that, should the County proceed with this proposal, it may take multiple years to fully implement.

In preparing for this effort, DHS has developed comprehensive information on each CHC and HC site, including its patients, visits, and services provided. This information was shared with your offices and will be updated as additional information becomes available.

Further, the Community Clinic Association of Los Angeles County (CCALAC) engaged a consultant to update the 330 Clinic Expansion Plan Report prepared in May 2003. One of the reasons for updating this report is to provide insight to strengthen CCALAC's efforts to plan for issues and opportunities raised by the proposed privatization. The updated CCALAC report was recently released and includes information on the increased capacity expected by CCALAC organizations between now and 2010.

## **STATUS**

DHS is proposing the following timeline for developing the project plan related to the proposed primary care restructuring:

<b>Date</b>	<b>Item</b>
September 24, 2008	Release Request For Information (RFI).
October 8, 2008	Deadline for agencies to respond to RFI.
November 21, 2008	Release draft project plan.
December 12, 2008	Hold public hearing to obtain testimony on the community impact of the proposed project plan, patterned after Attorney General hearings on non-profit hospital conversions.
December 12, 2008	Complete Proposition A analysis.
December 31, 2008	Submit project plan, public testimony, and DHS recommendations to the Board of Supervisors.

DHS is currently analyzing the CCALAC recently released report, in finalizing its RFI document. The RFI is intended to determine interest and capacity of private providers in assuming the primary care services currently provided at County-operated clinics. Eligible providers include PPP providers that are designated Strategic Partners, Federally Qualified Health Centers (FQHCs), FQHC look-alikes, or providers who meet all of the requirements of an FQHC look-alike excluding the governance requirements. DHS will initiate discussions with agencies that responded to the RFI; however, the RFI will not obligate the County or the providers to enter into negotiations or a contract.

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DHS will work with community clinics and key stakeholders to develop a comprehensive list of all issues that must be addressed during the transition of CHC/HC primary care services to PPP providers.

Based on the information from the CCALAC report, responses to DHS' RFI, and input from the community clinics and key stakeholders, DHS will complete a detailed project plan, including information on agencies that may be interested in providing primary care to patients currently receiving services in CHC/HC locations; whether the agency is interested in providing the services in an existing CHC/HC site, in an existing agency site in the same geographical area as the CHC/HC, or in a new agency site; whether the agency is interested in providing care to the entire patient population currently served by the CHC/HC or, at minimum, the uninsured population whose visits would be paid for through the PPP program; and the estimated timeline in which the agency anticipates being able to provide primary care to the target population.

DHS is planning to obtain community input on this draft project plan in a public hearing, tentatively scheduled for December 12, 2008. DHS anticipates completing its final evaluation report, for your Board's consideration, by the end of December and will schedule this as a discussion item for a meeting of your Board in early January 2009. The report will include the final project plan, a summary of public testimony from the public hearing, and DHS recommendations.

In addition, based on separate, but related, instructions from your Board, this Office and DHS are working to identify infrastructure dollars to support the transition. The need for infrastructure support will vary by agency and facility where services will be provided and will be negotiated individually with each provider. All proposed agreements, including infrastructure support, resulting from the RFI would be brought to your Board for approval. DHS would continue to provide primary care in CHC/HC locations where there is no Board approved agency to provide services.

If you have any questions, please contact me or your staff may contact Mason Matthews, of this Office, at (213) 974-2395 or Cheri Todoroff, DHS, at (213) 240-8272.

WTF:SRH:SAS  
MLM:MM:bjs

c: Executive Officer, Board of Supervisors  
County Counsel  
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